

Message Text

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ACTION SS-25

INFO OCT-01 ISO-00 SSO-00 NSCE-00 /026 W

----- 121304

O R 071525Z DEC 74

FM AMEMBASSY GEORGETOWN

TO SECSTATE WASHDC NIACT IMMEDIATE 0643

INFO AMEMBASSY KINGSTON

C O N F I D E N T I A L GEORGETOWN 02158

EXDIS

E.O. 11652: GDS

TAGS: EINV, EMIN, GY

SUBJECT: REYNOLDS GUYANA

REF: STATE 269000

DEPARTMENT ALSO PASS OPIC

1. HUNT NONPLUSSED BY SUGGESTION REFTEL THAT SINGLE AGREEMENT SHOULD NOT REPEAT NOT PROVIDE FOR SETTLEMENT OF BOTH COMPENSATION AND LEVY ISSUES, AS THIS PACKAGE SETTLEMENT APPROACH WAS CONFIRMED AT NOVEMBER 15 MAYS-ENDERS MEETING AND IS REFLECTED IN THE PROPOSALS TABLED BY GOLDBERG.

2. CONSISTENT USG THEME WITH GOG SINCE JULY HAS BEEN THAT LEVY SHOULD NOT BE SET WITHOUT FIRST DEALING WITH COMPENSATION ISSUE. AGAINST GOG ARGUMENT THAT LEVY SIMPLY GIVES GUYANA JAMAICA-LEVEL BAUXITE REVENUE FOR 1974 AND IS UNRELATED TO NATIONALIZATION COMPENSATION, WE HAVE STRESSED THE DIFFERENCES BETWEEN THE TWO SITUATIONS, AND THE ROOT QUESTION HAS BEEN NOT WHETHER GUYANA WOULD GET MORE TAX FROM REYNOLDS FOR 1974 PRODUCTION, BUT RATHER, HOW MUCH. WE HAVE COME A LONG WAY FROM THE US DOLS 16-17 MILLION DOLLAR LEVY INITIALLY PROPOSED. EXPECTATIONS REGARDING FURTHER GOG COMPROMISE IN THIS AREA MUST BE TEMPERED BY REGARD FOR THE PATTERN OF SETTLEMENTS IN OTHER CARIBBEAN BAUXITE PRODUCING COUNTRIES. THE FURTHER CONCESSIONS WE SEEK FROM THE GOG REGARDING THE LEVY MAY WELL HAVE TO BE "BURIED" IN OTHER ELEMENTS OF
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THE PACKAGE SETTLEMENT. EVEN IF NO REDUCTION OF THE LEVY WERE

EXPRESSED ON THE FACE OF THE AGREEMENT, THERE SHOULD BE NO CONCERN OVER FUTURE IMPLICATIONS OF "ACCEPTANCE OF TAXES LEVIED IN CONTEMPLATION OF NATIONALIZATION", AS LEVY WILL BE WIDELY PERCEIVED TO BE WITHIN CURRENT REGIONAL NORMS.

3. ACTION REQUESTED: URGENT THAT DUTY OFFICERS ATTEMPT TO CONTACT ASSISTANT SECRETARY ENDERS AND OPIC PRESIDENT MAYS SO THAT THEY CAN CONFER REGARDING NEGOTIATING INSTRUCTIONS AND CONTACT HUNT OVER WEEKEND, IF POSSIBLE, SINCE AS INDICATED GEORGETOWN 2151, MEETING WITH PM BURNHAM MAY TAKE PLACE OVER WEEKEND.

KREBS

NOTE BY OCT: NOT PASSED.

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Message Attributes

Automatic Decaptioning: Z
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: NATIONALIZATION, BAUXITE, NEGOTIATIONS, TAXES
Control Number: n/a
Copy: SINGLE
Draft Date: 07 DEC 1974
Decaption Date: 28 MAY 2004
Decaption Note: 25 YEAR REVIEW
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: izenbei0
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1974GEORGE02158
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: GS
Errors: N/A
Film Number: D740356-0273
From: GEORGETOWN
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1974/newtext/t19741252/aaaabsz.tel
Line Count: 74
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION SS
Original Classification: CONFIDENTIAL
Original Handling Restrictions: EXDIS
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: EXDIS
Reference: STATE 269000
Review Action: RELEASED, APPROVED
Review Authority: izenbei0
Review Comment: n/a
Review Content Flags:
Review Date: 16 SEP 2002
Review Event:
Review Exemptions: n/a
Review History: RELEASED <16 SEP 2002 by boyleja>; APPROVED <13 MAR 2003 by izenbei0>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: REYNOLDS GUYANA
TAGS: EINV, EMIN, GY, OPIC, REYNOLDS GUYANA
To: STATE
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005